

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 97915 / July 17, 2023**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-21530**

**In the Matter of**

**NIRDOSH JAGOTA, Ph.D.,**

**Respondent.**

**ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING A CEASE-AND-DESIST ORDER**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against Nirdosh Jagota, Ph.D. (“Jagota” or “Respondent”).

**II.**

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order (“Order”), as set forth below.

**III.**

On the basis of this Order and Respondent’s Offer, the Commission finds<sup>1</sup> that:

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<sup>1</sup> The findings herein are made pursuant to Respondent’s Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

## Summary

This matter involves insider trading by Jagota in the securities of Pandion Therapeutics, Inc. (“Pandion”) in advance of the February 25, 2021 announcement that Merck & Co., Inc. (“Merck”) had agreed to acquire all outstanding shares of Pandion stock in a tender offer for \$60 per share (the “Announcement”). Jagota obtained material nonpublic information (“MNPI”) about Merck’s pursuit of the acquisition through his employment at Merck, where he headed a Chemistry, Manufacturing and Controls (“CMC”) regulatory group that took part in Merck’s due diligence relating to the acquisition. On February 9 and 17, 2021, in violation of his duties to Merck, Jagota purchased Pandion stock while aware and on the basis of that MNPI. When Pandion’s stock price rose by approximately 133% following the Announcement, Jagota obtained ill-gotten gains of \$39,660.

## Respondent

1. **Jagota**, age 61, resides in Malvern, Pennsylvania. During the events at issue in this Order, Jagota was employed at Merck as Vice President of Global Regulatory Affairs.

## Other Relevant Entities

2. **Pandion** was a Delaware corporation headquartered in Watertown, Massachusetts. Pandion was a clinical-stage biopharmaceutical company that developed therapeutics for patients with autoimmune diseases. During the relevant period, Pandion’s common stock was listed on the NASDAQ Global Select Market under the symbol “PAND.”

3. **Merck** is a New Jersey corporation headquartered in Rahway, New Jersey. Merck is a global health care company with products that include prescription medicines, vaccines, biologic therapies, and animal health products. Merck’s common stock is listed on the NYSE and trades under the symbol “MRK.”

## Background

4. Jagota was employed by Merck from August 2015 to August 2021. During the relevant period, he held the non-officer position of Vice President of Global Regulatory Affairs and led Merck’s Regulatory Affairs – Chemistry, Manufacturing and Controls (“Regulatory CMC”) group. Jagota was subject to Merck’s policies and procedures concerning insider trading and treatment of MNPI obtained in connection with his employment. Under those policies, Jagota owed a duty to Merck to not trade securities on the basis of MNPI he obtained through his work, including information about potential acquisitions. The policies stated in part: “You may not trade in [Merck] stock based on inside information, and you may not trade in the stock of companies with which [Merck does business] if your job exposes you to inside information about those

companies.” The policies defined “inside information” to include, among other things, “information about planned mergers or acquisitions.”

5. In or around January 2020, representatives of Merck and Pandion began discussing the possibility of a transaction between the two companies. In August 2020, representatives of the two companies began meeting to discuss updates to Pandion’s drug developments and to facilitate due diligence by Merck of Pandion pursuant to a confidentiality agreement between the parties. Those discussions culminated in an October 2020 proposal by Merck for a possible partnership between the two companies. Although Pandion rejected the October 2020 proposal, Merck continued its due diligence, and by February 5, 2021, Merck had retained a law firm and an investment bank to advise it on a potential acquisition of Pandion. On February 7, 2021, Merck submitted a non-binding offer to acquire Pandion, and on February 9, 2021, Merck and Pandion agreed to move forward with an acquisition at a price of \$60 per share, pending completion of due diligence. That same day, Merck provided Pandion with an initial draft of a merger agreement pursuant to which it would acquire all outstanding Pandion stock in a tender offer for \$60 per share. On February 19, 2021, Merck completed its due diligence of Pandion, and Pandion’s board of directors voted to accept Merck’s acquisition offer. The acquisition was announced publicly on February 25, 2021.

6. The Regulatory CMC group, which Jagota led, routinely was involved in due diligence on CMC regulatory issues for potential mergers and acquisitions, development of licensing agreements, and other transactions. Members of Jagota’s team took part in Merck’s due diligence in connection with the Pandion acquisition beginning no later than January 28, 2021. Through the Regulatory CMC group’s involvement in the due diligence, Jagota learned confidential information about the prospective acquisition.

7. On February 9, 2021, while the Regulatory CMC group was performing due diligence on Pandion, Jagota purchased 500 shares of Pandion stock.

8. On February 17, 2021, the day after Jagota approved a slide deck summarizing the findings of Merck’s due diligence concerning Pandion, Jagota purchased another 500 shares of Pandion stock.

9. Jagota purchased Pandion stock on February 9 and 17, 2021 while aware and on the basis of MNPI concerning the Pandion acquisition that he obtained through his work at Merck, in breach of his duty of trust and confidence to Merck.

10. By the time Jagota purchased Pandion shares on February 9 and February 17, 2021, Merck had taken substantial steps to commence a tender offer for Pandion as described above.

11. Following the February 25, 2021 Announcement, the price of Pandion shares increased by approximately 133%, and, as a result, Jagota obtained ill-gotten gains of \$39,660.

12. Jagota knew or was reckless in not knowing that the information he possessed as of February 9 and 17, 2021 concerning Merck's acquisition of Pandion was material and nonpublic. Jagota also knew or was reckless in not knowing that by trading on that information, he breached his duty of trust and confidence to Merck.

13. Jagota knew or had reason to know that the MNPI he possessed when he purchased Pandion shares on February 9 and 17, 2021 had been acquired directly or indirectly from officers, employees or agents of the acquiring company.

14. As a result of the conduct described above, Jagota violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in connection with the purchase or sale of securities.

15. As a result of the conduct described above, Jagota violated Section 14(e) of the Exchange Act and Rule 14e-3(a) thereunder, which prohibit fraudulent conduct in connection with tender offers.

#### **Disgorgement**

16. The disgorgement and prejudgment interest ordered in paragraph IV.C. is consistent with equitable principles, does not exceed Respondent's net profits from his violations, and returning the money to Respondent would be inconsistent with equitable principles. Therefore, in these circumstances, distributing disgorged funds to the U.S. Treasury is the most equitable alternative. The disgorgement and prejudgment interest ordered in paragraph IV.C. shall be transferred to the general fund of the U.S. Treasury, subject to Section 21F(g)(3) of the Exchange Act.

#### **IV.**

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent Jagota's Offer.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 21C of the Exchange Act, Respondent Jagota cease and desist from committing or causing any violations and any future violations of Sections 10(b) and 14(e) of the Exchange Act and Rules 10b-5 and 14e-3(a) thereunder.

B. Jagota be, and hereby is, barred from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)] for a period of three (3) years from the entry of this Order.

C. Jagota shall, within 30 days of the entry of this Order, pay disgorgement of \$39,660, prejudgment interest of \$3,605.10, and a civil money penalty in the amount of \$39,660 to

the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment of disgorgement and prejudgment interest is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600. If timely payment of a civil money penalty is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center  
Accounts Receivable Branch  
HQ Bldg., Room 181, AMZ-341  
6500 South MacArthur Boulevard  
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Nirdosh Jagota as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Joseph G. Sansone, Division of Enforcement, Securities and Exchange Commission, 100 Pearl Street, Suite 20-100, New York, NY 10004-2616.

D. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

**V.**

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. § 523, the findings in this Order are true and admitted by Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. § 523(a)(19).

By the Commission.

Vanessa A. Countryman  
Secretary